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Date of Hearing: July 6, 2000

ASSEMBLY COMMITTEE ON UTILITIES AND COMMERCE

Roderick Wright, Chair

SB 1962 (Costa) - As Amended: June 29, 2000

SENATE VOTE: 39-0

SUBJECT : Petroleum products: reports.

SUMMARY : Requires oil refiners and marketers to report additional specific information to the California Energy Commission (CEC). Specifically, this bill :

- 1) Defines unbranded fuel as gasoline and diesel fuel sold for wholesale or retail distribution to consumers without proprietary additives or marketing under an independent refiner or integrated refining and marketing company brand name or trademark.
- 1) Requires refiners to report monthly to CEC on imports and sources of finished petroleum products and blendstocks, exports and destinations of finished petroleum products and blendstocks, and all unbranded gasoline sold by the refiner, blender, or importer.
- 1) Requires major marketers to additionally report monthly to CEC on sources of petroleum product receipts, inventories of finished petroleum products and blendstocks by type, distributions through branded and unbranded distribution networks, and exports of finished petroleum products and blendstocks, by type, from the state.
- 1) Requires CEC staff to include sales to unbranded retail markets as part of their analysis of prices of petroleum products.
- 1) Extends CEC and staff prohibitions regarding use of reported information on petroleum products and blendstocks for any other purposes except statistical purposes, publication of information on petroleum products and blendstocks whereby the reporting establishment or individual can be identified, and permitting anyone other than CEC members and staff to examine the reports providing the information on petroleum products and blendstocks;

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- 1)Makes additional findings and declarations relative to information and data on production and supplies of branded and unbranded gasoline, diesel fuel and other distillates, supplies of blendstocks used in the manufacturing of gasoline, exports of finished gasoline, diesel fuel, and other refined products, and exports of finished gasoline, diesel fuel, and blendstocks.

EXISTING LAW:

- 1)Requires petroleum product refiners to submit monthly information to CEC, including information on feedstock inputs, origin of petroleum receipts, refinery outputs, refinery stocks, and finished product supply and distribution.
- 1)Defines major marketer as any person who sells natural gas or oil in amounts determined by CEC as having a major effect on energy supplies.
- 1)Requires major marketers of petroleum products to provide information to CEC on petroleum and petroleum product receipts, inventories, and distributions.
- 1)Requires CEC to gather, analyze, and interpret information submitted to it concerning motor fuel prices and any significant changes in prices charged by the petroleum industry for petroleum or petroleum products sold in California and the reasons for those changes.
- 1)Makes information provided to CEC by petroleum product refiners and major marketers confidential and subject to disclosure and release only under certain circumstances.

FISCAL EFFECT : Unknown.

COMMENTS :

- 1)The author has introduced this bill to give CEC the authority to track the production, sale, and distribution of unbranded fuel, along with imports and exports of all gasoline, diesel fuel, and blended fuel stocks. This additional information will assist CEC in monitoring the production and supplies of these fuels, as well as developing contingency plans to ensure sufficient supplies of fuels are available for necessary

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services.

- 1) Police and fire departments, government agencies, farmers, and small businesses are the primary consumers of unbranded fuel. According to the sponsor, recent shortages in the supply of unbranded fuels have driven prices beyond those of branded fuels (fuels sold for wholesale or retail distribution containing proprietary additives and marketed under a marketing company brand name or trademark). The price increases caused financial problems for these consumers because they cannot cut back on the amounts of fuel they use to deliver services or readily switch to alternative sources.
- 1) Existing law gives CEC authority to track price and supply information on branded gasoline and diesel fuel in California. CEC uses the data to produce reports and analysis on market structures, trends, demand forecasts, and makes recommendations on policy issues. Refiners and marketers are required to report this information to CEC on a periodic basis. Additionally, CEC is required to use this information to develop a contingency plan every five years in the case of energy shortages that pose a threat to public health or safety. This plan includes the Emergency Fuel Allocation Program. During a prolonged and widespread shortage, the Governor may proclaim a state of emergency and order CEC to implement a fuel set-aside program to ensure enough fuel is available to continue necessary public services. The sponsor argues the additional data this bill provides will give CEC a more complete picture of available fuel supplies in the state and the ability to plan better for contingencies.
- 1) An additional measure related to fuel supplies is SB 123 (Peace), which permits a branded gasoline franchise to purchase the branded petroleum product from any location in the franchiser's network. The object of that bill was to address the increase in fuel prices by requiring refiners to charge a uniform price to dealers supplied from each of the refiners terminals. According to the Assembly Utilities and Commerce Committee analysis, implementation of those provisions could actually result in higher prices caused by a lack of predictability in the gasoline market. This bill, by contrast, addresses the issue of high fuel prices by increasing the universe of data available on fuel prices and supplies.

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REGISTERED SUPPORT / OPPOSITION :

Support

California Independent Oil Marketers Association (sponsor)

Opposition

None on file.

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319-2083